

## EXECUTIVE SUMMARY

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### Financial Overview

The House Ways and Means Committee recommends for the Commonwealth's Fiscal Year 2014 operating budget direct appropriations totaling \$33.826B. For Fiscal Year 2014, the tax revenue estimate is \$22.334B, this represents a growth of \$838M above projected current year collections. The Committee's budget recommendation relies on \$14.326B of departmental revenues, federal reimbursements and operating transfers in addition to tax revenue.

	<b>FY12 Tax Collections</b>	<b>FY13 Estimated Collections</b>	<b>FY14 Consensus Revenue</b>
Total Tax Estimate	\$21.117B	\$21.496B	\$22.334B
Dedicated Tax Revenue*	\$2.941B	\$3.028B	\$3.176B
Total Taxes Available	\$18.176B	\$18.468B	\$19.158B

\*Transfers to the MBTA, SMART, PRIT, and Workforce Training Funds

This operating budget recommendation also acknowledges the demand for new investments to maintain and modernize our statewide transportation infrastructure, which require resources beyond baseline tax revenue growth. Recognizing the still fragile state of our economy, the Committee has proposed addressing the need for these investments by recommending select modernizations to our tax code to support a \$500M plan to invest in transportation. Massachusetts has led the nation in proven fiscal policy aimed at economic recovery, and the Committee is proud to stay true to this policy as it presents this balanced financial plan for Fiscal Year 2014.

### Local Aid

Each year the Commonwealth supports municipal budgets through the distribution of local aid funds, which help cities and towns provide vital services like education and public safety. State support ensures that these important public programs are available to every community and are supported by a reliable revenue source.

The House Ways and Means Committee FY 2014 budget recommends Unrestricted General Government Aid (UGGA) be funded at \$920.2M, a \$21.25M increase from Fiscal Year 2013. This is a particularly noteworthy investment because it is the first time UGGA has increased since Fiscal Year 2010. The House Ways and Means budget proposal provides municipalities with \$4.28B in total Chapter 70 education aid, a \$109M increase for school district budgets. Funding at this level ensures all districts meet their foundation level of aid and that all districts are guaranteed a minimum funding increase of \$25 per enrolled pupil above last year's funding. Other significant investments in local aid include the Circuit Breaker Special Education Reimbursement, Regional School Transportation, and Homeless Student Transportation.

- Increases Chapter 70 funding by \$109M.
- Increases Unrestricted General Government Aid by \$21.25M.

### Board of Library Commissioners

Libraries are an integral component of fostering education, arts, culture, and community throughout Massachusetts. This budget recommendation makes investments for programs that provide library services for the vision impaired. It also maintains level funding for the Board of Library Commissioners, which received an increase of funding last year for the first time since fiscal year 2008.

- Increases Talking Book Watertown by \$55K.
- Provides \$9.1M for Aid to Regional Public Libraries.
- Provides \$6.8M for Aid to Municipal Public Libraries.
- Provides \$1.9M for IT Resource sharing.

### **Elementary and Secondary Education**

The Commonwealth's Department of Elementary and Secondary Education is charged with preparing students for college, careers and citizenship. As a national leader in education, this budget recognizes the importance of funding all levels of education to maintain the first class standards set by Massachusetts early, elementary, and higher education institutions.

The House Ways and Means Committee budget is committed to supporting all school districts in the Commonwealth. Resources have been dedicated to Chapter 70 education funding, special education, and English as a Second Language programs. New possibilities are created this year to challenge students and to develop opportunities that may not currently be available at underperforming schools. These initiatives include prioritizing funding for adult basic education, kindergarten expansion grants, and financial literacy.

- Increases Chapter 70 funding by \$109M.
- Provides \$235M for Circuit Breaker Special Education Reimbursement.
- Increases English Language Acquisition by \$590K.

### **Early Education and Care**

The services provided by the Department of Early Education and Care establish a foundation for children to develop and become contributing members of our community. The House Ways and Means Committee budget provides child care for children under the protection of the Department of Children and Family Services, clients of the Department of Transitional Assistance, as well as for families whose incomes qualify them for subsidized care. Access to subsidized childcare was expanded in Fiscal Year 2013 and this budget supports the continuation of the expanded caseload.

This budget recommendation also takes a hard look at how these vital services are provided and how to improve delivery methods. Maintaining access to affordable child care is essential to economic recovery. A variety of services aimed at childhood development, including one-on-one tutoring and mental health programs, are supported in this budget proposal.

- Fully funds child care for children with open abuse cases at \$80.8M.
- Fully funds child care for children who receive or recently received transitional assistance at \$128M.

### **Higher Education**

The Commonwealth's Higher Education system provides all residents with the opportunity to access high quality and affordable academic programs that produce personal growth and economic opportunity. The Higher Education system also generates research and innovation to advance the Massachusetts economy. The House Ways and Means Committee budget invests in Higher Education by fully funding the increased cost of collective bargaining and by making significant increases to funding for Community Colleges, State Universities and the University of Massachusetts.

- Provides \$65.9M for Community College, State University and UMass Collective Bargaining.
- Increases funding to State Universities by \$15M.
- Increases funding to UMass by \$39M.
- Increases funding to Community Colleges by \$20M.
- Increases Adopted and Foster Child Fee Waiver by \$1.4M.

- Provides \$1M for State University Internship Incentive Program.

### **Judiciary**

Every citizen of the Commonwealth depends on equal access to justice and a system that is impartial and effective. The House Ways and Means Committee recognizes the demand for legal assistance in these difficult economic times and invests in programs aimed at helping those most in need. Providing counsel for indigent clients is part of the state's constitutional obligation. This budget affirms that commitment and supports civil legal aid for adults and children with mental disabilities.

- Increases Trial Court funding to \$567.9M.
- Provides \$162.3M for the Committee for Public Counsel Services and expands reforms to provide indigent representation in a more cost-effective manner.
- Provides \$8.1M for the Supreme Judicial Court.
- Provides \$11.8M for the Appeals Court.
- Provides \$11M for the Massachusetts Legal Assistance Corporation.

### **Lottery**

The Massachusetts State Lottery is the primary source of funding for Unrestricted General Government Aid for the 351 cities and towns within the Commonwealth. With proceeds from Lottery sales, each municipality is able to provide essential services to its residents, including teachers, firefighters, and police officers. The House Ways and Means Committee recognizes the importance of a strong, effective lottery and how it plays in the daily lives of every citizen, and has produced a budget which allows the Lottery to build upon its recent successes. This budget gives the Lottery the tools to grow its operations further while continuing to deliver the highest payout ratio in the country. As the Lottery continues to innovate and expand, the Committee looks toward Fiscal Year 2014 with enthusiasm for the Lottery's critical importance in the provision of necessary state and local services.

- Provides \$80.8M for the Lottery's operations, allowing the continued expansion of Player Activated Terminals.
- Provides \$3.2M for the Lottery's operations of monitor games, including the introduction of a new poker-style monitor game.
- Provides \$5M in the Lottery's advertising budget.

### **State Administration**

The Commonwealth's administrative offices are responsible for providing health insurance for municipal and state employees, overseeing revenues, managing the state's cash-flow and legal interests, and providing maintenance and upkeep for state property. In developing its budget recommendations, the House Ways and Means Committee carefully identified opportunities for savings while also improving programs and services provided by these offices.

- Increases ANF IT funding by \$2M.
- Provides \$2.5M to operate the new Springfield Data Center.
- Provides \$750K for the WellMass program.

### **Transportation**

Recognizing the importance of a safe, reliable, and comprehensive transportation system, the Committee has also put forth a proposal to address the structural financing deficit facing our State's transportation system. This year the Committee has submitted a \$500M revenue proposal to fund a series of state-wide investments. This additional revenue will allow the State to set its various transportation agencies on a more sustainable path and provide targeted enhancements to existing transportation systems. The Committee is proud to present this long term plan which enables the State to realign our tax structure to

better reflect the collection of transportation revenues as the financing source of our transportation infrastructure.

The fiscal year 2014 Committee budget accomplishes three major and immediate transportation goals. These goals are: closing the MBTA operating budget deficit, forward funding the Regional Transit Authorities, and eliminating the practice of funding operating expenses with the State's credit card. The new funds made available to MassDOT will begin making \$234M of capital funds available for road, bridge and critical infrastructure repairs. In the same spirit of efficiency, this budget forward funds the RTAs state contribution, enabling them to plan more effectively and lessen their reliance on costly short-term borrowing practices. These investments will empower RTAs to plan more effectively and reduce the undue burden of debt financing payments.

- Provides \$116M in new funds to the MBTA to close their structural operating budget gap and avoid fare increase or service cuts in fiscal year 2014.
- Provides \$80M to RTAs to accomplish forward funding.
- Provides \$44M to MassDOT to transition employees off the capital budget and make room for new investments in critical infrastructure.

## **Energy and Environment**

The mission of the departments under the Executive Office of Energy and Environmental Affairs is to preserve, protect, and enhance the natural resources and recreational facilities of the Commonwealth while safeguarding public health from environmental threats. The House Ways and Means Committee budget maintains funding for essential programs to ensure that the state is fulfilling its role as a national leader in environmental preservation. This year's budget proposal makes a concerted effort to maintain services at seasonal recreational facilities, and to preserve the funding to the Massachusetts Emergency Food Assistance Program. The Committee recognizes that in this difficult fiscal climate, it is important to maintain services that directly impact the health and safety of the residents of Massachusetts as well as the recreational opportunities available to them.

- Provides \$5.8M for the Executive Office of Energy and Environmental Affairs for guidance and oversight of the Commonwealth's natural resources.
- Includes language to ensure all facilities that were open in Fiscal Year 2012 will be open in Fiscal Year 2013, and that municipal pools will open from Memorial Day to Labor Day.
- Provides \$53.6M for the Department of Environmental Protection to ensure the Commonwealth's land, air, and water are protected.
- Provides funding for 12 million meals to Massachusetts Regional Food Bank.
- Provides \$11.2M to the Department of Public Utilities to protect Massachusetts' consumers from unfair utility costs and ensure reliable service.

## **Health and Human Services**

Funding for the Executive Office of Health and Human Services (EOHHS) supports a wide range of healthcare services for eligible low-income citizens. The programs include: protecting the Commonwealth's public health, temporary assistance to needy families, veterans' benefits, supporting services to the disabled population, guarding the welfare and safety of children, and protecting senior citizens. Recognizing the important obligations of the EOHHS, the Committee's funding recommendations provide the executive office the support it needs to maintain these vital services.

### MassHealth and Commonwealth Care

Massachusetts is a recognized national leader in our commitment to providing healthcare to every resident without access to employer sponsored insurance. The House Ways and Means budget proposal dedicates funding for 1.44M existing members to continue receiving health care services. In addition to providing for increased enrollment of currently eligible members, the proposal also funds health care

services for 325K members who are in other subsidized health insurance programs, or who are uninsured and potentially eligible for Medicaid beginning January 1, 2014 as a result of the Affordable Care Act.

- Provides \$68M in MassHealth related investments, including: rate increases for hospitals, implementation of Chapter 224, grants for hospitals and community health centers, and additional funds for program integrity efforts to reduce fraud, waste, and abuse.
- Provides \$449M to implement expansion of the Affordable Care Act, including: covering 325K benchmark members, extending benefits till the end of the month, and streamlining coverage for pregnant women.
- Provides \$467M transfer from the General Fund to the Commonwealth Care Trust Fund to fund 150K members in the state premium wrap programs.

#### Department of Youth Services

The Department of Youth Services values the significance of programs that promote community involvement, and aims to create positive change for afflicted youth. Recognizing the importance of education and skill development, this budget proposal invests resources for counseling services, safe living environments, and rehabilitative programs directed at instilling confidence in adolescents under the department's care. With the investments made by this Committee, the department, as the juvenile justice agency in Massachusetts, will continue to operate effective programs to discourage youth crime and protect the public.

- Provides \$23M for community-based services for youth in nonresidential care.
- Provides \$21.5M for pre-trial programs for youth awaiting trial.
- Provides \$106.7M for secure facilities to keep troubled youth off the streets.
- Provides \$2.8M for teacher enhanced salaries to bring their salaries more in line with their public school counterparts.
- Provides \$2.1M for the Department of Youth Services Alternative Lockup Program for the operation of secure facilities to detain arrested youth prior to arraignment.

#### Department of Children and Families

The Department of Children and Families works to strengthen families in the Commonwealth and protect children from abuse and neglect by providing residential, adoption, foster care, and guardianship services as well as family support and stabilization. This budget recognizes the magnitude of this goal through the designation of funding for salaries for social workers who serve children and families and provide case management. The House Ways and Means Committee acknowledges the importance of providing a safe living environment for children, whether at home with their families or in alternative care placements within the community.

- Provides \$3M for foster care review services to ensure that each out-of-home placement is reviewed every six months.
- Provides \$44.6M for family support and stabilization to serve families and children in the home when suitable.
- Provides \$250.1M for services for children and families for stabilization, reunification, foster care, and permanency services.
- Provides \$699.4K for the Sexual Abuse Intervention Network which facilitates interagency cooperation in order to minimize secondary trauma to child victims of sexual abuse.

#### Department of Transitional Assistance

The Department of Transitional Assistance works to meet the basic needs and improve the quality of life for low-income individuals and families. Benefit programs administered by the department are a critical step toward self-sufficiency and independence for many Massachusetts residents. The House Ways and

Means Committee remains committed to protecting these vital services for the Commonwealth's most vulnerable populations.

The Committee preserves those important programs on behalf of the Commonwealth's underserved population and stimulates the economy by bringing more federal dollars into the state's retail and non-profit industries. This budget recommendation continues to fund the cash benefit program for families, children, the elderly, disabled, as well as other populations who are in need of support. Funding for a back-to-school clothing allowance for children of families in need of assistance is also maintained for Fiscal Year 2014.

- Provides \$773M to the Department of Transitional Assistance overall.
- Provides \$1.4M in additional funds to DTA administration for the implementation of EBT reform.
- Provides \$306M for TAFDC Grant payments to provide cash assistance to eligible families with dependent children.
- Provides \$5M to the Young Parents Program to provide educational support to young parents across Massachusetts.

#### Department of Mental Health

The Department of Mental Health is the State Mental Health Authority. The Department provides services and supports that are person-centered and recovery-focused for citizens suffering from mental illness. The Department's goal is to meet the behavioral health needs of individuals of all ages, enabling them to live, work and fully participate as contributing members of our communities. The system of programs provided by the Department serves approximately 21,000 citizens annually. The House Ways and Means budget supports the Department's efforts by providing \$694M in funding in support of those suffering from mental illness in the Commonwealth.

- Provides \$84.6M for Child and Adolescent Mental Health Services.
- Provides \$345.9M for Adult Community Mental Health Services.
- Funds State Psychiatric Hospitals and Community Mental Health Centers \$172.2M, maintaining funding for the operation of 45 beds on the campus of Taunton State Hospital.

#### Department of Developmental Services

The Department of Developmental Services is dedicated to bettering the lives of those with intellectual disabilities by creating opportunities for them to become meaningful and valued members of the community. The House Ways and Means Committee is especially dedicated to supporting the Department's efforts to administer daily activity and employment services and family respite support to help keep individuals in the home while being actively engaged in the community. Funding has been increased for these programs in order to serve individuals with intellectual disabilities to the best of the Commonwealth's abilities. Recognizing the growing demand for autism services, the Committee provides the Children's Autism Medicaid waiver with an additional \$1M, thereby enabling the program to serve 50 additional young children with autism who are at risk for institutionalization.

- Provides \$51.5M for Adult Family Supports.
- Provides \$161.9M for the Community Based Adult Day and Work programs that allow for skill building and supported employment.
- Provides \$13M for transportation to and from the day and work programs.
- Provides level funding for the base Fiscal Year 2014 Turning-22 class at \$6M.
- Provides \$5.6M for Autism Support services, which include services provided by the autism waiver program for intensive in-home and community-based services for the child and family.

#### Department of Public Health

The Department of Public Health is charged with upholding the health standard of the Commonwealth, while protecting its residents. Paying particular attention to those most in need, this budget proposal supports disease prevention and health education services for the people of Massachusetts. The Department is dedicated to empowering residents and accomplishing quality health care for these individuals, particularly those who are most at risk for diverse and challenging health problems. This proposal continues the Committee's investment in the health of residents and in programs from community health centers to domestic violence, and from universal immunization to the critical task of licensing qualified health care professionals, services, and facilities.

- Provides \$1.3M for the Board of Registration in Pharmacy, a \$1M increase to support additional critical positions needed to increase inspection capacity and ensure compliance.
- Provides \$3.9M for Suicide Prevention and Intervention programs.
- Provides \$83.7M for Substance Abuse Services for community programs to support low-income individuals who would not otherwise receive treatment.
  - Includes \$250K for a pilot program for young adults ages 17-25 to address substance abuse issues for this group.
- Provides \$5.5M for Domestic Violence and Sexual Assault Prevention and Treatment, including rape crisis centers, refugee and immigrant programs, crisis hotlines, and GLBT outreach.
- Provides \$54.4M for Universal Immunization to prevent the occurrence of vaccine-preventable diseases through vaccination of children and high-risk adults in the Commonwealth.

#### Department of Elder Affairs

The Executive Office of Elder Affairs is engaged in the advancement and performance of comprehensive community based programs that preserve the dignity and independence of elderly persons. The Department provides planning, advocacy, and policy responsibilities on behalf of over 1.1M elders of the Commonwealth and administers services locally through a statewide network consisting of 27 Aging Service Access Points and 348 Councils on Aging.

- Fully Funds the Department of Elder Affairs at \$242.2M.
- Provides \$21.9M for Elder Protective Services.
- Funds the Elder Enhanced Home Care Services Program at \$47.3M.
- Level funds the Elder Home Care Purchased Services at \$97.8M.
- Level funds the Elder Nutrition Program at \$6.3M.

### **Housing and Community Development**

Although there are many encouraging signs relative to the Commonwealth's economic growth, the negative effects of the recession are still a harsh reality for the thousands of individuals and families throughout the state struggling with homelessness. The Office of Housing and Community Development has taken considerable steps towards preventing homelessness for at-risk households and crafting more sustainable housing solutions for those families and individuals within the state's shelter system.

The Committee recognizes the positive effects that investments in housing prevention have brought, and continues to support elements of this homelessness prevention strategy. Funding is committed for several flexible household assistance programs to support families at risk of becoming homeless or families facing the challenge of maintaining their current housing situation.

- Provides \$91.5M for Emergency Assistance homeless shelters for families.
- Provides \$38.0M for individual homeless shelters.
- Provides \$15M for Emergency Assistance overflow.
- Provides \$58.8M for the HomeBase program.
- Provides \$46.5M for the MRVP program.
- Provides \$8.7M for the RAFT program.
- Provides \$10M for a flexible Housing & Homelessness Trust Fund.

## **Labor and Workforce Development**

Recently, employment figures offer some reassurance of a sustained economic recovery, but there is still uncertainty and so the Committee continues to invest in important programs to develop the workforce base in Massachusetts. While Massachusetts has weathered the recession relatively well, looming federal spending cuts have the potential to disproportionately affect the state. The Committee recognizes the continued struggles many in the labor market still face and works closely with the Office of Labor and Workforce Development to address these challenges. The Office helps to provide people throughout the state with the benefits, support, and training necessary to help maintain economic sustainability and improve the potential of securing a stable career. This budget continues to support the Office's work in assisting individuals with their job search and ensuring that all residents of the Commonwealth are provided with a safe, healthy, and fair working environment.

- Provides \$4.3M to the One Stop Career Centers.
- Provides \$19.4M to the Division of Industrial Accidents.
- Provides \$2.5M to the Department of Labor Standards.
- Provides \$2.1M to the Department of Labor Relations.
- Provides \$2M to the Massachusetts Manufacturing Partnership.

## **Economic Development**

With Massachusetts' economic output continuing to outperform national averages, the House Ways and Means Committee recognizes the importance of a robust business climate to helping the state maintain its economic competitiveness. To achieve that goal, the Office of Business Development provides Massachusetts companies of all shapes and sizes with the tools to grow and develop. Whether through strengthening the profile of the state's knowledge-based industries, or continued assistance to Massachusetts's manufacturing companies, this budget helps implement the state's multifaceted approach to business development. Along with providing assistance to businesses already in the Commonwealth, this budget provides the state with resources to attract businesses from around the world and to provide them with the support needed to establish a foothold in America.

When it comes to attracting visitors and tourists to our state, the Committee recognizes the importance that the leisure and hospitality industry brings to the state's economic vitality. To encourage the continued growth of the state's tourism sector, the Committee provides the Massachusetts Office of Travel and Tourism with the support necessary to attract more visitors than ever to our state. With this ongoing focus, in-state and out-of-state residents will be able to discover and explore all of the historic, cultural, and scenic attractions the Commonwealth has to offer.

- Provides \$1.7M for the Massachusetts Office of Business Development.
- Provides \$1.2M for the Small Business Development Center at the University of Massachusetts Amherst.
- Provides \$5.9M for the Mass Office of Travel and Tourism.
- Provides \$2M for Local Tourist Councils throughout the Commonwealth.
- Provides \$114K for the Massachusetts Office of International Trade and Investment.

## **Consumer Affairs**

By maintaining the State's regulatory standards, the Office of Consumer Affairs and Business Regulation strives to preserve a fair and competitive business environment. The Office and its five divisions work to ensure that the goods and services we interact with on a daily basis are provided in a fashion that is both genuine and fair. To ensure the continuance of strong consumer protection, this budget proposal funds a variety of programs aimed at informing consumers of both potential risks and of the resources available to help shield them from unnecessary harm.

- Provides \$798K for the Office of Consumer Affairs and Business Regulation.

- Provides \$500K for the Home Improvement Contractor Program.
- Provides \$3.5M for the Division of Professional Licensure.
- Provides \$18.6M for the Division of Banks.
- Provides \$14M for the Division of Insurance.
- Provides \$2M for the Division of Standards.
- Provides \$3M for the Department of Telecommunications and Cable.

### **Veterans' Affairs**

Acknowledged as a nation-wide leader in the provision of veterans' benefits, Massachusetts remains a steadfast supporter of the men and women who work to keep us safe. The House Ways and Means Committee recognizes the tremendous sacrifice that our veterans and their families have made in the protection of our country and its citizens, and it bears in mind the unique challenges many veterans face upon returning home. With the ongoing return of our soldiers, this budget continues to provide strong support to the core programs that help veterans transition back into civilian life.

- Provides \$2.1M for Veterans' Outreach Programs.
- Provides \$4.8M for Veterans' Homeless Shelters.
- Provides \$1.6M for the state Veterans' Cemeteries in Agawam and Winchendon.
- Provides \$48.3M for Chapter 115 Veterans' Benefits Payments.
- Provides \$22.6M for Disabled Veteran Annuity Payments.
- Provides a combined \$49.7M for Soldiers' Homes in Holyoke and Chelsea.

### **Public Safety & Security**

Within the Public Safety and Security Division, the House Ways and Means Committee's budget ensures necessary funding for all executive branch agencies and the fourteen independent Sheriffs' Departments. These agencies provide a wide array of services to the Commonwealth, with each department occupying a unique but instrumental section of the criminal justice continuum. Certain departments, such as the Department of State Police, are responsible for the enforcement and implementation of statewide statutes created to protect individual liberties and foster a secure Commonwealth. Other agencies, such as the Department of Corrections and the county Sheriffs' Departments, manage correctional facilities throughout the Commonwealth, establishing stable environments that offer invaluable rehabilitation and reentry programs. Through directed efforts, the Committee's budget proposal invests in programs aimed at addressing the full spectrum of public safety initiatives throughout the Commonwealth. This is a delicate balance that requires funding for effective policing and other crime prevention measures, as well as an infusion of resources to minimize the costly recidivism cycle within the correctional system.

- Provides \$564.4M for the Department of Corrections.
- Provides \$283.6M for the Department of State Police, including \$3.9M in direct funding for 150 members of the 81<sup>st</sup> Recruit Training Troop.
- Provides \$19.75M for the State Police Crime Lab.
- Provides \$15.2M for the Massachusetts Military Division.
- Provides \$18.8M for the Parole Board.
- Provides \$533.1M for the fourteen county Sheriff's Departments.